

## Message Text

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PAGE 01 OTTAWA 00720 272322Z

15

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01 H-01 INR-07

INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 SAM-01 OES-03

SP-02 SS-15 STR-01 TRSE-00 FRB-03 /083 W

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R 272242Z FEB 75

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 5765

INFO AMCONSUL TORONTO

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E.O. 11652: N/A

TAGS: ENRG EMIN CA US

SUBJECT: U.S.-CANADIAN COAL TRADE

REF: BUCHANAN/TYSON (EB/FSE) TELECON OF FEB. 7

1. WITH REGARD TO STEAM COAL, CONGEN TORONTO DISCUSSED  
GENERAL QUESTION OF U.S. COAL IMPORTS WITH MATTHEW, CHIEF OF  
COAL PROCUREMENT FOR ONTARIO HYDRO. MATTHEW STATED THAT  
ACTUAL U.S. COAL DELIVERIES TO ONTARIO HYDRO HAVE DECLINED  
AS FOLLOWS (IN MILLIONS OF TONS):

(A) 1971:	10.0
(B) 1972:	9.0
(C) 1973:	7.5
(D) 1974:	7.0

2. MATTHEW GAVE THREE MAJOR REASONS FOR ABOVE DECLINE IN  
DELIVERIES:

(A) HIGH WATER LEVELS FOR HYDRO-ELECTRIC  
GENERATION HAS REPLACED ABOUT 1.5 MILLION

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PAGE 02 OTTAWA 00720 272322Z

TONS OF COAL ANNUALLY, ALTHOUGH HE EMPHASIZED

CYCLICAL NATURE OF WATER LEVELS;

(B) PICKERING NUCLEAR PLANT HAS HAD A POWER  
AVAILABILITY ABOUT 20 PERCENT ABOVE EXPECTATIONS;

(C) ENVIRONMENTAL PRESSURES HAVE REQUIRED  
CONVERSION OF SOME COAL-FIRED GENERATING  
STATIONS TO GAS WITH AN ANNUAL LOSS OF ABOUT  
1.5 MILLION TONS OF COAL.

3. ONTARIO HYDRO HAS NOT PARTICIPATED IN U.S. SPOT  
COAL MARKETS FOR PAST 18 MONTHS TO AVOID COMPETING  
WITH COAL-SHORT U.S. UTILITIES ON SAME POWER GRID AS  
ONTARIO HYDRO. MATTHEW SAID THAT HYDRO, LIKE U.S.  
CUSTOMERS, WAS RECEIVING ABOUT 70 PERCENT OF CONTRACTED COAL  
AMOUNTS. HOWEVER, DECLINE IN 1974 WAS HEIGHTENED BY  
U.S. COAL STRIKE. ONTARIO HYDRO WILL SOON NEGOTIATE  
NEW CONTRACT WITH CONSOLIDATED COAL AND HOPES TO  
IMPROVE DELIVERY SITUATION.

4. FOR FUTURE, MATTHEW SAID ONTARIO HYDRO ENVISIONS  
CONSUMPTION OF 18 MILLION TONS ANNUALLY BY 1980, WITH  
12 MILLION TONS IMPORTED FROM U.S. AND REMAINDER FROM  
CANADIAN SOURCES. IMPORT PLANS FROM U.S. CALL FOR  
8 MILLION TONS IN 1975 AND ONE-MILLION TON INCREASES  
ANNUALLY THROUGH 1979. MATTHEW SAID EXISTING CONTRACT  
WITH U.S. STEEL FOR COAL FROM NEW MINE (BEGINNING  
1976) WILL GO LONG WAY TO ENSURING REQUIRED VOLUMES  
(NEWS CLIPPINGS BEING FOLLOVED).

5. MATTHEW FURTHER INDICATED THERE HAS BEEN NO  
REPEAT NO DELAY IN PROGRAMMED COAL-GENERATING STATIONS.  
NEW STATIONS OF THIS TYPE ARE PLANNED MOSTLY FOR  
WESTERN ONTARIO.

6. ON MATTER OF METALLURGICAL COAL IMPORTS FROM U.S.,  
KNOWLEDGEABLE INDUSTRY, TRADE AND COMMERCE DEPARTMENT  
OFFICIAL INFORMED COMMERCIAL COUNSELOR THAT CANADIAN  
BIG-THREE STEEL COMPANIES (STELCO, DOWSICO AND ALGOMA),  
WHICH OWN U.S. COALMINES OUTRIGHT OR IN PARTNERSHIP  
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PAGE 03 OTTAWA 00720 272322Z

WITH U.S. FIRMS ARE EXPERIENCING NO REPEAT NO U.S.  
COAL SUPPLY PROBLEMS AND ARE IN GOOD SHAPE FOR  
REMAINDER OF THIS WINTER SEASON.

7. FOR INFORMATION ON CANADIAN PLANS TO SHIP WESTERN  
COAL EASTWARDS THROUGH THUNDER BAY TO ONTARIO SEE  
OTTAWA'S AIRGRAMS A-475 (SEPT. 18, 1974); A-631  
(DEC. 6, 1974); A-117 (FEB. 28, 1975); AND CONGEN CALGARY'S

A-13 OF FEB. 5, 1975. NEWS CLIPPING ON STUDY OF FEASIBILITY OF  
WESTERN COAL MOVEMENT VIA SLURRY PIPELINE, BASED ON STUDY  
MADE BY CANADIAN TRANSPORT COMMISSION, ALSO BEING  
CPOUNCHED AS WILL COPIES OF STUDY IF AND WHEN AVAILABLE  
TO EMBASSY.  
PORTER

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## Message Attributes

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